



September 23, 2014

MEMO TO: Senate Insurance Committee

FROM: James Grant, MD, President

RE: Support of Senate Bill 1033

On behalf of the more than 15,000 physicians of the Michigan State Medical Society (MSMS), I am writing in support of Senate Bill 1033. This bill seeks to assure a broad range of consumer choice to the patients of Michigan by clarifying the regulatory treatment of Direct Primary Care (DPC).

DPC is a contractual arrangement between a patient and a physician where a specified range of services are paid in advance in the form of a retainer. In return, patients receive more personalized care based on their needs and are generally able to access their physician more readily. From the physician standpoint, DPC offers a way to deliver care based on the needs of their patient in the most efficient way possible. Specifically, overhead is reduced significantly by allowing physicians to bill only for their services without having to take into account co-pays, deductibles, or other insurance related filings.

From a clinical perspective, DPC offers physicians the ability to focus on the patient and make decisions solely in the best interest of patients. The economic realities of health care delivery in our country may inadvertently drive wedges between patients and their doctor. Productivity expectations, data collection efforts, and other factors have caused reductions in the overall amount of time physicians are able to spend with patients in the exam room. DPC is a refreshing alternative that empowers patients to work directly with their doctor to get the care they need in the way they want.

DPC is a set of prepaid services offered by a physician, it is not insurance. Other professions have long operated in similar fashion. For example, attorneys have long operated under retainer arrangements as well as various other financial alternatives for clients. Senate Bill 1033 creates the assurance that the market-based innovative

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approach of DPC does not improperly get characterized as insurance. DPC puts the decision making authority with the patient, which where it belongs. Not clarifying the regulatory status of DPC could deter physicians from competing in this market and potentially expose innovating physicians from costly regulatory hurdles.

MSMS applauds the efforts of Senator Colbeck to introduce Senate Bill 1033 that will assure that Michigan is open to innovation in health care. MSMS also thanks Chairman Hune and the members of the Insurance Committee for scheduling a hearing on this important issue. MSMS encourages support of Senate Bill 1033.